JOZINI MUNICIPALITY ANNUAL BUDGET REPORT

SECTION 16 OF THE MFMA

2019-2020

Circle Street, Bottom Town, Jozini 3969

Tel: 035 572 1292

Fax: 035 572 1266

E-Mail: municipalmanager@jozini.gov.za

Website:www.jozini.gov.za

TABLE OF CONTENT

PART 1- ANNUAL BUDGET

1.1 Introduction

1.2 Mayors Report

1.3 Executive Summary

1.4 Annual Budget tables

PART 2 -SUPPORTING DOCUMENTS

2.1 Overview on Annual Budget process

2.2 Overview of Alignment of Annual Budget with Integrated Development Plan

2.3 Measurable Performance Objectives and Indicators

2.4 Overview of Budget related policies

2.5 Overview of Budget Assumptions

2.6 Overview of Budget Funding

2.7 Expenditure on Allocations and grant programme

2.8 Allocations and grants made by the Municipality

2.9 Councillors Allowances and Employee benefits

2.10 Monthly Targets for revenue, Expenditure and Cashflow

2.11 Annual Budget and Service Delivery and Budget Implementation internal Departments

2.12 Contracts having Future Budgetary Implications

2.13 Capital Expenditure details

2.14 Legislation Compliance status

2.15 Other Supporting Documents

2.16 Conclusion

2.17 Municipal Manager quality Certificate

PART 1- ANNUAL BUDGET

1. INTRODUCTION

The Jozini Local Municipality is a Category B municipality located within the uMkhanyakude District in northern KwaZulu-Natal, and borders Swaziland and Mozambique. It is one of four municipalities in the district, making up a quarter of its geographical area.

1.1 PURPOSE

The sole purpose of this report is to present to the council of Jozini Local Municipality the 2019/2020 Annual budget as per section 16 of the MFMA

2. BACKGROUND

Section 16 of the MFMA state that:

Annual budgets. — (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a

separate appropriation is made for each of those financial years.

2019/2020 FINACIAL YEAR MAYORAL BUDGET SPEECH

I would like to take this opportunity to welcome everyone present today, all Traditional Leaders, members of the community, distinguished guest from all stakeholders, councillors and officials from all our neighbouring Municipalities, Government Departments, business people, all Forums and Committees, Councillors and officials of Jozini Municipality.

As the Mayor of Jozini Local Municipality it is with great honour to present to you the Budget for 2019/2020 financial year in accordance with Chapter 4 Section 22 (a) of the MFMA 56 of 2003.

I wish to share with everyone present that the financial management of the Municipality has fairly improved when compared to last financial year. It is safe to say as Leadership and Management, we have learnt from the past mistakes which we do not wish to repeat in the future. Having said that, as Leadership through the support and guidance from Management, we have put in place strategical measures in place to ensure that the financial status of the Municipality is improved. These measures were shared during the recent Strategic Planning Session which was held in January 2019.

These measures will ensure that as the Municipality we are not found to be underspending or overspending on the budget that will be utilised towards service delivery in the next financial year. The Municipality has existing structures which will continue to ensure that the budget which has been set aside to better the livelihood of our people is monitored closely. These structures include Budget Steering Committee, MPAC, Audit Committee, and Auditors which are the soldiers guarding the monies of the communities whether they are being spend accordingly.

It is also our duty as Local Government to ensure transparency of all Municipal Affairs through public participation / Izimbizo's whereby we engage with our community to share information on the affairs that touch them directly, as we have done today.

Jozini Municipality has put aside a total of R275 445 000 to ensure that we deliver services to our people. We have ensured that the programmes and projects that will be tabled shortly have been aligned with the IDP. Both the budget and the IDP will guide the Municipality in terms of what, how, when and where these services should be done. This is what is termed "Service Delivery Implementation Plan" (SDBIP) which serves as a guiding day-to-day tool that we operate with.

The Municipality had conducted IDP Roadshows whereby the community is given an opportunity to bring forward their wish list of programmes and projects they feel should be implemented in their respective Wards. The Municipality then makes a final list of these projects in accordance with the available budget.

With the above background, I would wish to table the following as programmes and projects which will be implemented by the Municipality in the next financial year. There is also a budget set aside internally for Institutional programmes. The budget has been allocated as follows:

MIG Allocation	R 37 394 000.00
EPWP	R 3 217 000.00
FMG	R 2 435 000.00

1. MIG Projects

A total of R 37 394 000.00 will be allocated for the following MIG projects

1.	Construction of Onaleni Community Hall	4,000,000.00
2.	Cezwana Youth Centre	1,806,960.00
3.	Construction of Mtshakela / Ekulingeni Access Road	4,000,000.00
4.	Constructon of Ezinhlalavini Access Road	3,500,000.00
5.	Sidekeni Sports Field	3,000,000.00
6.	Construction of Ndumane Access Road	3,500,000.00
7.	Construction of Munywana Sportsfield	4,500,000.00
8.	Construction of Machobeni Community Hall	1,673,940.00
9.	Ngonyameni Community Hall	2,000,000.00
10.	Emthojeni Sports field	1,913,100.00
11.	Upgrading of Roads in Mkhuze CBD	7,000,000.00
12.	Empileni Community Hall	500,000.00

2. Poverty Alleviation

At total of **R14 000 000.00** will be allocated for poverty alleviation projects, each Ward receiving **R 700 000.00**

3. Special Programmes

A Total of **R 4 727 000** for special programmes

In conclusion, we entrust that working together as Government our community we can better the lives of our community with the limited resources given to us each financial year. We would like to commit ourselves as the Leadership together with officials and other Government Stakeholders to work even harder to ensure that we do our best to provide services with honesty, hard-work and dedication

1.2.2 Council Resolutions

On 29 of May 2019, the Council of Jozini Local Municipality will meet to adopt the Annual budget of the municipality for the financial year 2019/20. The Council will approve and adopt the following resolutions:

1. the Multi-Year Medium Term Revenue and Expenditure Framework (MTREF) of the municipality for the Financial Year 2019/20 and indicative for the projected outer years 2020/21 and 2021/22 be approved as set out in the Annual Budget Report and in the Annual Budget tables A1 - A10

2. the 2019/20 Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals and the Municipal Regulation on Standard Chart of Accounts (mSCOA) (Government Gazette 37577 dated 22 April 2014) for the Jozini Local Municipality be approved as follows:

1.3 Executive Summary

Consolidated Summary

Details	2018-19Final Budget	2019-20 Final Budget	2020-21 1st Outer Year Budget	2021-22 2nd Outer Year Budget
	'000	'000	'000	'000
Total Revenue	R234,381	R246,032	R 264,233	R 278,502
Total Expenditure	R232,555	R235,011	R 251,300	R 264,926
Surplus/(Deficit)	R1,826	R11 021	R 12 933	R 13,576

The Municipal total Revenue has increased by **R11.6** million when comparing to the Adjustment budget of **R234** million of 2018_19 financial year and the two outer years revenue is **R264.2** million and **R278.5** million. The total revenue does not include the transfers Capital of **R37** million for Municipal Infrastructure grant **(MIG**) for 2019_20 Financial Year and **R39.4** million and **R41.5** million for outer years.

1.3.1 Operating Revenue Framework

The Jozini Municipality requires sustainable revenue streams in order to improve the lives of its citizens. The Municipality must continuously review revenue management processes to ensure that revenue is protected and the municipality has an ability to maximize the revenue generating potential of all revenue sources through adequate and effective controls and allow for investment opportunities that will accelerate economic growth in the Municipality.

In light of the above, revenue was prepared taking into cognisance the constrained economy which compels projected revenue growth to be more consecutive and to minimise the impact on lower income households.

The municipality's revenue strategy is built around the following key components:

• National Treasury's guidelines and macroeconomic policy;

• Growth in the Municipality and continued economic development;

• Efficient revenue management, which aims to ensure an above **52** per cent annual collection rate for property rates and other key service charges;

• The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA); and

• The municipality's Indigent Policy and rendering of free basic services and subsidized services to both the destitute and poor consumers.

KZN272 Jozini - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditur		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source										
Property rates	25,528	26,614	27,716	29,878	29,878	29,878	29,878	31,523	41,531	43,774
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	3,674	3,360	3,615	4,431	4,431	4,431	4,431	3,147	3,317	3,496
Rental of facilities and equipment	758	790	772	948	948	948	948	863	909	959
Interest earned - external investments	4,387	7,003	4,286	4,053	2,467	2,467	2,467	3,500	3,689	3,888
Interest earned - outstanding debtors	12,550	13,739	17,214	7,778	22,426	22,426	22,426	10,000	10,540	11,109
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	1,361	1,612	1,181	195	195	195	195	114	120	126
Licences and permits	1,040	1,125	1,248	1,741	1,741	1,741	1,741	1,270	1,338	1,411
Agency services		–	–	–	–	–	–	–	–	–
Transfers and subsidies	140,615	141,041	150,131	171,773	171,773	171,773	171,773	195,128	202,274	213,197
Other revenue	690	721	3,496	3,521	521	521	521	488	514	542
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers a	**190,604**	**196,004**	**209,659**	**224,318**	**234,381**	**234,381**	**234,381**	**246,032**	**264,233**	**278,502**

Property Rates: The property rates billing is expected to increase to at least R31.5 Million, and this is due to tariff increase and new valuation roll.

Service Charges-Refuse: There is an adjustment on refuse from R4.4 million to R3.1 Million, this has downwards adjustment has been caused by cleaning the municipality's refuse clients, taking out clients that were wrongly billed. This is an ongoing exercise, further changes are still expected, where necessary.

Rental of Facilities and equipment: The rental is in terms of lease agreements that we have with government departments which are using the Thusong centre, 121 building and Mkuze Clinic

Interest on external Investment: The Municipality is increasing the interest on investments as we envisage to have surplus funds at the beginning of the year into the first two months and hence revenue anticipated rises from R2.5 Million to R3.5 Million.

Interest on outstanding debtors: We expect debtors to take advantage of the debt amnesty and waiving off of interest if they are able to pay a portion of their debt and continue to pay regularly. The Municipality is intending to hike cash collection and hence incentivising customers.

Fines, Penalties and Forfeits: This revenue depends on traffic fines infringements.

Licenses and Permits: The Annual Budget for Licence and permit is **R 1.2 million**, adequate consultation with Traffic department has been made and 9 months performance has been taken into cognisance.

Transfer and Subsidies: These are the allocations in terms of grants that are gazetted in terms of DORA.

- Equitable share
- Finance Management Grant
- Expanded Public Works Programme
- Provincializations (Library grants)

Other Revenue- incorporate hall hire revenue, sale of bid documentation, and fines and penalties.

1.3.2 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/120 Annual budget and MTREF is informed by the following:

• Given that one of the primary drivers of this budget is to keep tariff increases with the inflationary envelope of 5.4 per cent, expenditure allocations in excess of the 2018/19 Adjustments budget are very limited.

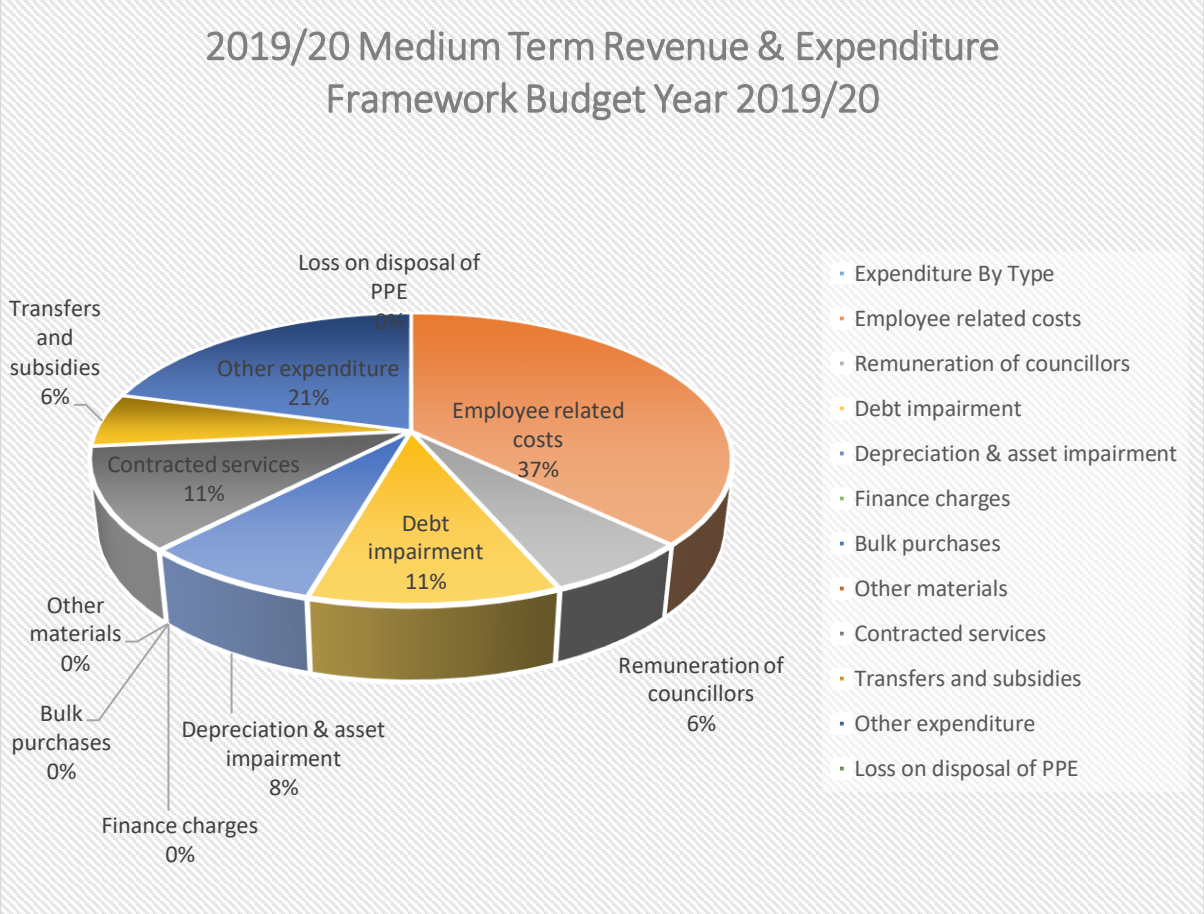
• Related to the above weakness the capital programme carries the risk of not ensuring that the asset renewal strategy and backlog eradication is achieved in this budget;

• Funding of the budget over the Final medium-term is informed by Section 18 and 19 of the MFMA;

• Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

• Strict adherence to the principle of "no project plans no budget". If there is no business plan no funding allocation can be made.

The following pie chart illustrate the total operating expenditure for the Annual Budget of the 2019/2020 financial year.



The following table is a high-level summary of the 2019/20 MTREF (classified per main type of operating expenditure.

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type										
Employee related costs	50,599	59,937	76,790	77,367	76,172	76,172	76,172	87,774	90,148	95,016
Remuneration of councillors	10,070	10,370	14,291	13,086	14,181	14,181	14,181	14,832	14,948	15,756
Debt impairment	28,653	46,104	25,959	7,854	24,099	24,099	24,099	25,074	26,428	27,855
Depreciation & asset impairment	15,842	16,238	17,998	20,198	22,252	22,252	22,252	18,000	18,972	19,996
Finance charges	–	634	855	15	15	15	15	–	–	–
Bulk purchases	–	–	–	–	–	–	–	–	–	–
Other materials	–	–	–	–	70	70	70	120	126	133
Contracted services	52,516	82,445	96,219	45,186	28,018	28,018	28,018	26,500	27,984	29,550
Transfers and subsidies	2,633	21,473	16,557	20,100	23,952	23,952	23,952	14,000	21,080	22,218
Other expenditure	76,184	44,881	52,522	49,967	43,795	43,795	43,795	48,712	51,613	54,400
Loss on disposal of PPE	–	–	170	–	–	–	–	–	–	–
Total Expenditure	**236,496**	**282,081**	**301,363**	**233,773**	**232,554**	**232,554**	**232,554**	**235,011**	**251,300**	**264,926**

Operating Expenditure:

- **Employee Related costs:** The increase from R76.1 Million to R87.7 Million is because of new posts that the Municipality intends to fill in the year 2019/2020.
- **Remuneration of Councillors**: This is based on councillors' upper limits which are gazetted on a yearly basis and Jozini Local Municipality has 40 councillors under grade 3.
- **Debt Impairment***:* This is made up of R13.7million from Property Rates, R1.8 million from waste and the entire R10million provided as interest earned on outstanding debtors, since history tells us that this money has never been collected.
- **Depreciation:** The depreciation is reduced to R18 Million with a view that some of municipal assets are aging even up to considering impairments, disposals etc.
- **Contracted Services:** The municipality adjusted the budget down to R26 million due to reduction in catering services.
- **Transfers & Subsidies:** These relate to poverty alleviation projects of 14 million wards under Jozini Municipality and each ward is allocated R700 000.00
- **Other Expenditure:** The Final budget is increased by 11% Compared to Adjustment budget of 2018_19 financial year. The other expenditure consists of all day to day operations. *See the attached working.*
- **Repairs & Maintenance:** The repairs and maintenance are below the required norm of 8% as old assets will be disposed of, and some high value infrastructure assets have just been completed, and hence no need to repair or maintain these as yet.

2 Capital Expenditure

The below table illustrates the capital expenditure funded internally and funded by Municipal Infrastructure grant, The Municipality is anticipating to receive **R37 394 000** million for Municipal Infrastructure grant.

Below is the List of all projects funded by Municipal Infrastructure Grants:

1.	Construction of Onaleni Community Hall	4,000,000.00
2.	Cezwana Youth Centre	1,806,960.00
3.	Construction of Mtshakela / Ekulingeni Access Road	4,000,000.00
4.	Constructon of Ezinhlalavini Access Road	3,500,000.00
5.	Sidekeni Sports Field	3,000,000.00
6.	Construction of Ndumane Access Road	3,500,000.00
7.	Construction of Munywana Sportsfield	4,500,000.00
8.	Construction of Machobeni Community Hall	1,673,940.00
9.	Ngonyameni Community Hall	2,000,000.00
10.	Emthojeni Sports field	1,913,100.00
11.	Upgrading of Roads in Mkhuze CBD	7,000,000.00
12.	Empileni Community Hall	500,000.00

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance & Administration		–	–	–	–	–	–	–	–	–	–
Vote 3 - Community & Social Service		–	–	–	–	–	–	–	–	–	–
Vote 4 - Economic and environmental services		–	–	–	–	–	–	–	–	–	–
Vote 5 - Technical Services		48,224	52,747	53,990	36,687	36,687	36,687	36,687	37,394	39,413	41,542
Vote 6 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	**48,224**	**52,747**	**53,990**	**36,687**	**36,687**	**36,687**	**36,687**	**37,394**	**39,413**	**41,542**
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance & Administration		–	–	–	11,619	1,436	1,436	1,436	8,449	2,792	2,943
Vote 3 - Community & Social Service		670	6,031	4,319	–	300	300	300	1,157	1,270	1,339
Vote 4 - Economic and environmental services		–	–	–	–	90	90	90	400	422	444
Vote 5 - Technical Services		–	–	–	–	–	–	–	1,500	1,581	1,666
Vote 6 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**670**	**6,031**	**4,319**	**11,619**	**1,826**	**1,826**	**1,826**	**11,506**	**6,064**	**6,392**
Total Capital Expenditure - Vote		**48,894**	**58,778**	**58,309**	**48,306**	**38,513**	**38,513**	**38,513**	**48,900**	**45,478**	**47,934**
Capital Expenditure - Functional											
Governance and administration		**670**	**6,031**	**4,319**	**11,619**	**1,436**	**1,436**	**1,436**	**8,449**	**2,792**	**2,943**
Executive and council		–	–	–	–	–	–	–	–	–	–
Finance and administration		670	6,031	4,319	11,619	1,436	1,436	1,436	8,449	2,792	2,943
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		**–**	**–**	**–**	**–**	**300**	**300**	**300**	**1,155**	**1,270**	**1,339**
Community and social services		–	–	–	–	300	300	300	1,155	1,270	1,339
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**48,224**	**52,747**	**53,990**	**36,687**	**36,777**	**36,777**	**36,777**	**39,296**	**41,416**	**43,652**
Planning and development		–	–	–	–	90	90	90	400	422	444
Road transport		48,224	52,747	53,990	36,687	36,687	36,687	36,687	38,896	40,994	43,208
Environmental protection		–	–	–	–	–	–	–		–	–
Trading services		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Energy sources		–	–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–		–	–	–
Waste management		–	–	–	–		–	–	–	–	–
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Functional	3	**48,894**	**58,778**	**58,309**	**48,306**	**38,513**	**38,513**	**38,513**	**48,900**	**45,478**	**47,934**
Funded by:											
National Government		48,224	35,689	38,003	36,687	36,687	36,687	36,687	37,394	39,413	41,542
Provincial Government		–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**48,224**	**35,689**	**38,003**	**36,687**	**36,687**	**36,687**	**36,687**	**37,394**	**39,413**	**41,542**
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		670	23,089	20,306	11,619	1,826	1,826	1,826	11,506	6,064	6,392
Total Capital Funding	7	**48,894**	**58,778**	**58,309**	**48,306**	**38,513**	**38,513**	**38,513**	**48,900**	**45,478**	**47,934**

Cashflow Statement

The statement below indicates the funding position for the municipality.

After taking into account all the collection from property rates, service charges, Rental of facilities Interest earned on investments, Fines and penalties, licences and permits, all transfers and subsidies to the municipality and other revenue; Set off against operational and Capital expenditure. The Municipality will remain with **R54.4** million then set off retention monies, outstanding trade and other payables, Unspent conditional grants which is not expected to be more than what is reflected in the audited set of annual financial statements and provisions.

KZN272 Jozini - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		15,886	14,140	13,586	16,338	16,338	16,338	16,338	17,786	18,747	19,759
Service charges		1,516	1,423	1,757	1,721	1,915	1,915	1,915	1,809	1,907	2,010
Other revenue		9,105	9,941	9,720	6,250	11,354	11,354	11,354	1,665	1,754	1,849
Government - operating	1	141,508	160,907	150,266	186,773	186,773	186,773	186,773	195,128	205,665	216,771
Government - capital	1	51,213	35,689	38,003	36,687	36,687	36,687	36,687	37,394	39,413	41,542
Interest		4,386	7,002	4,286	4,053	2,467	2,467	2,467	3,500	3,689	3,888
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(101,535)	(167,658)	(186,662)	(185,607)	(183,552)	(183,552)	(183,552)	(177,937)	(184,820)	(194,856)
Finance charges		(578)	–	–	(15)	(15)	(15)	(15)	–	–	–
Transfers and Grants	1	–	–	–	(20,100)	(22,154)	(22,154)	(22,154)	(14,000)	(21,080)	(22,218)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**121,501**	**61,444**	**30,955**	**46,100**	**49,814**	**49,814**	**49,814**	**65,345**	**65,275**	**68,745**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(46,242)	(59,943)	(58,385)	(48,306)	(38,513)	(38,513)	(38,513)	(48,900)	(45,478)	(47,934)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(46,242)**	**(59,943)**	**(58,385)**	**(48,306)**	**(38,513)**	**(38,513)**	**(38,513)**	**(48,900)**	**(45,478)**	**(47,934)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(140)	(19,163)	(15,306)	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(140)**	**(19,163)**	**(15,306)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**75,119**	**(17,662)**	**(42,736)**	**(2,206)**	**11,300**	**11,300**	**11,300**	**16,445**	**19,798**	**20,811**
Cash/cash equivalents at the year begin:	2	**22,508**	**74,627**	**56,964**	**14,226**	**52,740**	**52,740**	**52,740**	**38,000**	**54,445**	**74,243**
Cash/cash equivalents at the year end:	2	**97,627**	**56,965**	**14,228**	**12,021**	**64,040**	**64,040**	**64,040**	**54,445**	**74,243**	**95,054**

Balance Sheet

KZN272 Jozini - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		20,945	56,964	14,228	29,257	64,040	64,040	64,040	54,445	74,243	95,054
Call investment deposits	1	51,604	–	–	–	–	–	–	–	–	–
Consumer debtors	1	55,924	39,430	51,657	72,014	31,222	31,222	31,222	22,718	32,908	34,685
Other debtors		5,141	–	1,693	–	–	–	–	–	–	–
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	–	–	–	–	–	–	–	–	–	–
Total current assets		**133,615**	**96,394**	**67,578**	**101,270**	**95,262**	**95,262**	**95,262**	**77,163**	**107,151**	**129,739**
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	257,202	235,692	272,942	339,473	289,844	289,844	289,844	317,041	305,495	321,992
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		585	1,298	793	158	793	793	793	893	941	992
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		**257,787**	**236,990**	**273,734**	**339,631**	**290,636**	**290,636**	**290,636**	**317,934**	**306,436**	**322,984**
TOTAL ASSETS		**391,402**	**333,384**	**341,312**	**440,901**	**385,898**	**385,898**	**385,898**	**395,097**	**413,587**	**452,722**
LIABILITIES											
Current liabilities											
Bank overdraft	1	790	–	–	–	–	–	–		–	–
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits		–	–	–	–	–	–	–	–	–	–
Trade and other payables	4	19,690	27,329	32,883	20,998	32,883	32,883	32,883	19,456	34,659	36,530
Provisions		–	–	–	–	–	–	–	–	–	–
Total current liabilities		**20,480**	**27,329**	**32,883**	**20,998**	**32,883**	**32,883**	**32,883**	**19,456**	**34,659**	**36,530**
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		11,941	7,135	8,275	14,889	16,689	16,689	16,689	16,689	17,591	18,540
Total non current liabilities		**11,941**	**7,135**	**8,275**	**14,889**	**16,689**	**16,689**	**16,689**	**16,689**	**17,591**	**18,540**
TOTAL LIABILITIES		**32,421**	**34,464**	**41,158**	**35,887**	**49,572**	**49,572**	**49,572**	**36,145**	**52,249**	**55,071**
NET ASSETS	5	**358,981**	**298,920**	**300,154**	**405,015**	**336,326**	**336,326**	**336,326**	**358,951**	**361,337**	**397,651**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		358,981	298,920	300,154	405,015	336,326	336,326	336,326	358,951	361,337	397,651
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	**358,981**	**298,920**	**300,154**	**405,015**	**336,326**	**336,326**	**336,326**	**358,951**	**361,337**	**397,651**

The above Table Illustrate the Financial position of the Municipality

PART 2

2.1 Overview on Annual Budget process

The below Table was tabled to council before the 30th of August 2018 and was approved.

NO	DESCRIPTION OF ACTIVITY	TARGET DATE
1.	Commence the Planning for 2019/20 budget, reviews of IDP and Budget policies and consultation- review previous year's budget evaluation checklist, council delegations and budget time schedule of key deadlines	31 August 2018

2.	Commence Planning to review delegations and all budget related policies including the review of tariffs, credit control, supply chain and cash management/ investment policies, funding and reserves policies, long term financial planning, borrowings policy, infrastructure investment and capital projects policy, asset disposal policy, indigent policy, ect.	31 August 2018
3.	Tabling of the Process plan to Council.	31 August 2018
4.	Advertise budget/ IDP time schedule for public knowledge	7 September 2018
5.	Submission of Quarter 1 PMS report to Internal Audit.	15 September 2018
6.	Commence the process of review of the IDP and service delivery mechanism	September 2018
7.	Commence the process of determining strategic objectives that are measurable for service delivery and development including backlogs for next three-year budget.	September 2018
8.	Implement budget and IDP time schedule of key deadlines	30 September 2018
9.	Submission of quarter one report (Section 52 d) to the mayor	17- September 2018
10.	Conclude initial consultation and review, confirm priorities, identify other financial and non-financial budget parameters including government allocations to determine revenue envelope and financial outlook to identify need to review fiscal strategies.	31 October 2018
11.	Commence preparation of departmental strategies, operational plans and Service Delivery and Budget Implementation Plan (SDBIP) aligned to strategic priorities in the IDP and inputs from other stakeholders including government and bulk service providers and National Energy Regulator (NER)	01 October 2018
12.	Commence community and stakeholder consultation process, review inputs, financial models, assess impact on tariffs and charges and consider funding decisions.	October 2018
13.	Conclude first budget draft policies for initial council discussions at the Strategic planning session.	31 October 2018
14.	Complete the community and stakeholder consultation process.	19 October 2018
15.	Conduct a strategic planning session	27- 30 November 2018
16.	Finalise first draft of departmental strategies, operational plans for review against strategic priorities.	15 December 2018
17.	Adjust estimates based on plans and resources.	15 December 2018
18.	Finalise inputs from bulk resource providers and agree on proposed price increase	12 January 2019

19.	Review whether all bulk resource providers have lodged a request with National Treasury and SALGA seeking comments on proposed price increases of bulk resources.	12 January 2019
20.	Submission of Quarter 2 PMS report to Internal Audit.	19 January 2019
21.	Submission of quarter two report (Section 52 d) to the mayor	19 January 2019
22.	Note the President's State of the Nation Address (SONA) for further budget priorities informed by National priorities per SONA.	31 January 2019
23.	Submit mid -year performance assessment	24 January 2019
24.	Finalise detailed operating and capital budgets and IDP in the prescribed formats by National Treasury and COGTA with all supporting schedules substantially completed including budget assumptions, overview of budget process plan etc incorporating National and Provincial budget allocations, integrate and align to IDP document and finalise all budget related policies. Obtain the budget checklist from PT and COGTA to check against the municipal draft budget and IDP to ensure that all necessary information accompanying the budget and IDP is of a good quality.	31 January 2019
25.	Ensure internal analysis of financial and non-financial performance over year are prepared, analyse gaps between actual and planned performance, assess impact of plans. Determine financial position and assess financial capacity against future strategies.	31 January 2019
26.	Report to Council on status of the draft 2019/20 IDP and Budget including the tabling of capital projects and delayed projects to be approved by Council for consideration in the budget for 2019/20, 2017/18 Annual Report (i.e. including 2017/18 Annual Financial Statements, Auditor General's Report) and summarise overall findings of previous year's Annual Performance Report- reinforce upcoming process for budget approval and oversight.	31 January 2019
27.	Finalise the Budget Adjustment	21 February 2019
28.	Receive budgeted plans and projects from the Sector departments.	February 2019
29.	Note the State of the Province Address (SOPA) by the Premier for further Provincial Priorities to be considered.	28 February 2019
30.	Commence the preparation of all MIG funded capital projects business plans, designs, etc to ensure timely commencement of implementation and prepare cash flow projections per each capital project and plan for the early commencement of their actual construction.	01 March 2019
31.	Receive notification of any transfers (if any) that will be made to the municipality from other municipalities in each of the next three financial years.	16 March 2019

32.	Receive bulk resource providers' price increases as tabled in Parliament or Provincial Legislature.	16 March 2019
33.	Receive revised budget from sector departments.	21 March 2019
34.	Incorporate changes (if any) from sector departments and municipalities.	
35.	Consider the salary increment in budget of employees emanating from agreements between SALGA and municipal unions and expected upper limits of Councillors.	21 March 2019
36.	Table the draft budget with all documents and all budget related policies to the Steering Committee for inputs	14 March 2019
37.	Distribute the agenda for Draft Budget and IDP together with supporting documents	20 March 2019
38.	Tabling of draft Budget and IDP to Council.	31 March 2019

2.2 Overview of Alignment of Annual Budget with Integrated Development Plan

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process. Municipalities in South Africa need to utilise integrated development planning as a method to plan future developments in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Jozini Local

Municipality, issues of national and provincial importance are reflected in the IDP of Jozini Local municipality. The Jozini Local Municipality has a clear understanding of such intent, and is therefore consistently ensuring that strategically it complies with the key national and provincial priorities. The IDP drives the strategic development of the Jozini Local Municipality. The Municipality's budget is fully influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its Annual report.

2.3 Measurable Performance Objectives and Indicators

Legislative requirements Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers. The Municipal Planning and Performance Management Regulations (2001) stipulates that a "municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring , measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001). Section 46 of the Municipal Systems Act (Act 32 of 2000), stipulates the following: - "Annual performance reports 46.

(1) A municipality must prepare for each financial year a performance report reflecting –

(a) the performance of the municipality and of each external service provider during that financial year;

(b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and

(c) measures taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act." Performance Management framework. The Organisational Performance Management function of Jozini Local Municipality is delivered by an internal Performance Management Unit within the

Office of the Municipal Manager. The Performance Management unit consists of two permanent employees, i.e. one post of Manager: Performance Management and one post of Performance Management Officer.

2.4 Overview of Budget related policies

The following policies were taken into consideration when preparing the Annual Budget 2019_20.

- Property Rates Policy;
- Fraud Prevention policy
- Review of credit control and debt collection procedures/policies
- Asset Management, Infrastructure Investment and Funding Policy
- Supply Chain Management Policy
- Virement Policy
- Investment, Working Capital and Capital Replacement Reserves Policy
- Tariff of Charges Policy
- Subsistence and Travel Policy
- Indigent Policy
- Cell phone Policy

2.4 Overview of Budget Assumptions

Overview of budget assumptions

2.4.1 External factors Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality finances

2.4.2 General inflation outlook and its impact on the municipal activities. There are four key factors that have been taken into consideration in the compilation of the 2019/20 Draft Annual MTREF:

• National Government macro-economic targets as per MFMA circular 89 and 91

• The general inflationary outlook and the impact on Municipality residents and businesses.

• The impact of municipal cost drivers

• The increase in the cost of remuneration and Employee related costs comprise 42 per cent of total operating expenditure in the 2019/20 MTREF.

2.4.3 Collection rate for revenue services. The base assumption is that tariff and rating increases will increase at a rate higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is currently expressed as a 52 per cent of annual billings. Cash flow is assumed to be 52 per cent of billings.

2.4.4 The Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 through the South African Local Government Bargaining Council Circular No. 6 of 2018 should be used when budgeting for employee related costs for the 2019 MTREF.As per circular 93 Municipalities are encouraged to perform an annual head count and payroll verification process by undertaking a once a year manual salary disbursement, in order to root out ghost employees. An annual increase of 7 per cent and 6.4 per cent has been included in the two outer years of the MTREF.

2.4.5 Impact of national, provincial and local policies Integration of service delivery between national, provincial and local government is critical to ensure focussed

service delivery and, in this regard, various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

• Implementing growth-enhancing economic reforms

• Reprioritising public spending to support economic growth and job creation

• Establishing an infrastructure fund

• Addressing urgent matters in education and health

• Investing in municipal social infrastructure improvement

2.5 Overview of Annual Budget Funding

The Annual Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the Medium term for the financial year 2019/2020.

KZN272 Jozini - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		15,886	14,140	13,586	16,338	16,338	16,338	16,338	17,786	18,747	19,759
Service charges		1,516	1,423	1,757	1,721	1,915	1,915	1,915	1,809	1,907	2,010
Other revenue		9,105	9,941	9,720	6,250	11,354	11,354	11,354	1,665	1,754	1,849
Government - operating	1	141,508	160,907	150,266	186,773	186,773	186,773	186,773	195,128	205,665	216,771
Government - capital	1	51,213	35,689	38,003	36,687	36,687	36,687	36,687	37,394	39,413	41,542
Interest		4,386	7,002	4,286	4,053	2,467	2,467	2,467	3,500	3,689	3,888

Breakdown of operating revenue over the 2019/20 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from Operating grants, Property rates and other minor charges (Rent, Interest on External Investment fines and licenses and permits etc.).

2.6 Expenditure on Allocations and grant programme

KZN272_Jozini

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		155,140	158,008	166,340	179,686	164,686	164,686	187,642	194,384	204,881
Local Government Equitable Share		136,441	134,845	146,284	159,965	159,965	159,965	181,990	191,817	202,176
Finance Management		1,800	1,825	1,900	2,751	2,751	2,751	2,435	2,566	2,705
EPWP Incentive		1,899	3,338	3,156	1,970	1,970	1,970	3,217	–	–
Integrated National Electrification Programme		15,000	18,000	15,000	15,000	–	–	–	–	–
Provincial Government:		997	871	1,938	7,087	5,787	5,787	7,486	6,520	6,872
					1,300	–	–	1,300	–	–
Provincialisation of Library		997	871	1,938	5,787	5,787	5,787	6,186	6,520	6,872
Total operating expenditure of Transfers and Grants		156,137	158,879	168,278	186,773	170,473	170,473	195,128	200,904	211,753
Capital expenditure of Transfers and Grants										
National Government:		36,213	35,689	38,003	36,687	36,687	36,687	37,394	39,413	41,542
Municipal Infrastructure Grant (MIG)		36,213	35,689	38,003	36,687	36,687	36,687	37,394	39,413	41,542
Total capital expenditure of Transfers and Grants		36,213	35,689	38,003	36,687	36,687	36,687	37,394	39,413	41,542
TOTAL EXPENDITURE OF TRANSFERS AND GRANT		192,350	194,568	206,281	223,460	207,160	207,160	232,522	240,317	253,294

2.8 Allocations and grants made by the Municipality

There are no grants and allocations made by Jozini local Municipality

2.9 Councillors Allowances and Employee benefits

- The **Remuneration of councillors** appears to be stagnant at R14.8million, but this is because this figure also includes S&T for Councillors, which is

expected to come down drastically in 2019/2020, and those savings will take care of expected increases in allowances in 2019/2020.

- The **Senior Managers** of the Municipality were budgeted R5.1 million on the final budget of 2018_19 and is increased by 33.6% because of two new Directors, Technical who have already assumed his duties with the Jozini Municipality and Economic Development and Planning who is expected to be there from the beginning of the financial year.
- For other **Municipal staff** the Final budget for 2018_19 is R72.3 million and the budget for 2019_20 is increased by 14.3% to R82.6million, this is due to new vacant posts that have been budgeted for. Workings in this regard are hereby attached.

KZN272 Jozini - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		10,604	10,370	14,291	13,086	14,181	14,181	14,832	15,633	16,477
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	–	–	–	–	–	–	–	–
Cellphone Allowance		–	–	–	–	–	–	–	–	–
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		**10,604**	**10,370**	**14,291**	**13,086**	**14,181**	**14,181**	**14,832**	**15,633**	**16,477**
% increase	4		**(2.2%)**	**37.8%**	**(8.4%)**	**8.4%**	**–**	**4.6%**	**5.4%**	**5.4%**
Senior Managers of the Municipality	2									
Basic Salaries and Wages		1,456	2,007	2,532	5,308	3,147	3,147	4,717	4,972	5,240
Pension and UIF Contributions		–	–	–	–	7	7	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	–	–	–	–	128	128	–	–	–
Cellphone Allowance	3	–	–	–	–	69	69	–	–	–
Housing Allowances	3	–	–	–	–	227	227	–	–	–
Other benefits and allowances	3	637	903	435	–	211	211	418	441	465
Payments in lieu of leave		–	–	–	–	54	54	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		**2,093**	**2,910**	**2,967**	**5,308**	**3,843**	**3,843**	**5,135**	**5,413**	**5,705**
% increase	4		**39.0%**	**1.9%**	**78.9%**	**(27.6%)**	**–**	**33.6%**	**5.4%**	**5.4%**
Other Municipal Staff										
Basic Salaries and Wages		33,367	38,082	47,854	38,657	46,152	46,152	52,419	52,885	55,741
Pension and UIF Contributions		261	298	7,041	7,254	6,194	6,194	8,689	9,158	9,652
Medical Aid Contributions		1,780	1,502	2,492	5,973	2,734	2,734	7,095	7,478	7,882
Overtime		1,978	3,194	4,701	–	–	–	–	–	–
Performance Bonus		2,363	1,599	2,603	4,863	3,647	3,647	4,027	4,245	4,474
Motor Vehicle Allowance	3	2,754	5,392	5,234	4,455	6,427	6,427	5,047	5,319	5,606
Cellphone Allowance	3	269	155	432	86	103	103	–	–	–
Housing Allowances	3	451	303	324	–	236	236	–	–	–
Other benefits and allowances	3	2,689	4,762	1,817	8,756	6,392	6,392	5,361	5,650	5,956
Payments in lieu of leave		860	734	1,324	2,015	303	303	–	–	–
Long service awards		–	–	–	–	142	142	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff		**46,772**	**56,021**	**73,823**	**72,060**	**72,329**	**72,329**	**82,638**	**84,736**	**89,311**
% increase	4		**19.8%**	**31.8%**	**(2.4%)**	**0.4%**	**–**	**14.3%**	**2.5%**	**5.4%**
Total Parent Municipality		**59,470**	**69,301**	**91,081**	**90,453**	**90,353**	**90,353**	**102,606**	**105,781**	**111,493**
			16.5%	**31.4%**	**(0.7%)**	**(0.1%)**	**–**	**13.6%**	**3.1%**	**5.4%**

Monthly Targets for revenue and Expenditure

KZN272 Jozini - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source																
Property rates		2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	31,500	33,201	34,994
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		133	133	133	133	133	133	133	133	133	133	133	133	1,600	1,686	1,777
Rental of facilities and equipment		72	72	72	72	72	72	72	72	72	72	72	72	863	909	959
Interest earned - external investments		292	292	292	292	292	292	292	292	292	292	292	292	3,500	3,689	3,888
Interest earned - outstanding debtors		833	833	833	833	833	833	833	833	833	833	833	833	10,000	10,540	11,109
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits		22	22	22	22	22	22	22	22	22	22	22	22	264	278	293
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		65,043	–	–	–	–	65,043	–	–	65,043	–	–	–	195,128	205,665	216,771
Other revenue		83	83	83	83	83	83	83	83	83	83	83	83	1,000	1,054	1,111
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and cont		**69,103**	**4,061**	**4,061**	**4,061**	**4,061**	**69,103**	**4,061**	**4,061**	**69,103**	**4,061**	**4,061**	**4,061**	**243,855**	**257,023**	**270,902**
Expenditure By Type																
Employee related costs		7,127	7,127	7,127	7,127	7,127	7,127	7,127	7,127	7,127	7,127	7,127	7,127	85,530	90,148	95,016
Remuneration of councillors		1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	14,183	14,948	15,756
Debt impairment		2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	25,000	26,350	27,773
Depreciation & asset impairment		–	–	–	–	–	9,000	–	–	–	–	–	9,000	18,000	18,972	19,996
Finance charges		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials		10	10	10	10	10	10	10	10	10	10	10	10	120	126	133
Contracted services		2,187	2,187	2,187	2,187	2,187	2,187	2,187	2,187	2,187	2,187	2,187	2,187	26,250	27,667	29,162
Transfers and subsidies		1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,000	21,080	22,218
Other expenditure		4,081	4,081	4,081	4,081	4,081	4,081	4,081	4,081	4,081	4,081	4,081	4,081	48,969	51,613	54,400
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		**18,338**	**18,338**	**18,338**	**18,338**	**18,338**	**27,338**	**18,338**	**18,338**	**18,338**	**18,338**	**18,338**	**27,338**	**238,051**	**250,906**	**264,455**
Surplus/(Deficit)		**50,766**	**(14,277)**	**(14,277)**	**(14,277)**	**(14,277)**	**41,766**	**(14,277)**	**(14,277)**	**50,766**	**(14,277)**	**(14,277)**	**(23,277)**	**5,804**	**6,117**	**6,448**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	37,394	39,413	41,542
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**53,882**	**(11,161)**	**(11,161)**	**(11,161)**	**(11,161)**	**44,882**	**(11,161)**	**(11,161)**	**53,882**	**(11,161)**	**(11,161)**	**(20,161)**	**43,198**	**45,530**	**47,989**
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	**53,882**	**(11,161)**	**(11,161)**	**(11,161)**	**(11,161)**	**44,882**	**(11,161)**	**(11,161)**	**53,882**	**(11,161)**	**(11,161)**	**(20,161)**	**43,198**	**45,530**	**47,989**

MONTHLY PROJECTIONS FOR CASHFLOW

KZN272 Jozini - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source																
Property rates		2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,625	2,648	31,523	41,531	43,774
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		133	133	133	133	133	133	133	133	133	133	133	1,680	3,147	3,317	3,496
Rental of facilities and equipment		72	72	72	72	72	72	72	72	72	72	72	72	863	909	959
Interest earned - external investments		292	292	292	292	292	292	292	292	292	292	292	292	3,500	3,689	3,888
Interest earned - outstanding debtors		833	833	833	833	833	833	833	833	833	833	833	833	10,000	10,540	11,109
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	–	–	–	–	–	–	114	114	120	126
Licences and permits		22	22	22	22	22	22	22	22	22	22	22	1,028	1,270	1,338	1,411
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		65,043	–	–	–	–	65,043	–	–	65,043	–	–	–	195,128	202,274	213,197
Other revenue		83	83	83	83	83	83	83	83	83	83	83	(429)	488	514	542
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and cont		**69,103**	**4,061**	**4,061**	**4,061**	**4,061**	**69,103**	**4,061**	**4,061**	**69,103**	**4,061**	**4,061**	**6,238**	**246,032**	**264,233**	**278,502**
Expenditure By Type																
Employee related costs		7,127	7,127	7,127	7,127	7,127	7,127	7,127	7,127	7,127	7,127	7,127	9,371	87,774	90,148	95,016
Remuneration of councillors		1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,831	14,832	14,948	15,756
Debt impairment		2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,157	25,074	26,428	27,855
Depreciation & asset impairment		–	–	–	–	–	9,000	–	–	–	–	–	9,000	18,000	18,972	19,996
Finance charges		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials		10	10	10	10	10	10	10	10	10	10	10	10	120	126	133
Contracted services		2,187	2,187	2,187	2,187	2,187	2,187	2,187	2,187	2,187	2,187	2,187	2,437	26,500	27,984	29,550
Transfers and subsidies		1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	(4,333)	14,000	21,080	22,218
Other expenditure		4,081	4,081	4,081	4,081	4,081	4,081	4,081	4,081	4,081	4,081	4,081	3,824	48,712	51,613	54,400
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		**18,338**	**18,338**	**18,338**	**18,338**	**18,338**	**27,338**	**18,338**	**18,338**	**18,338**	**18,338**	**18,338**	**24,298**	**235,011**	**251,300**	**264,926**
Surplus/(Deficit)		**50,766**	**(14,277)**	**(14,277)**	**(14,277)**	**(14,277)**	**41,766**	**(14,277)**	**(14,277)**	**50,766**	**(14,277)**	**(14,277)**	**(18,060)**	**11,020**	**12,933**	**13,576**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	3,116	37,394	39,413	41,542
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**53,882**	**(11,161)**	**(11,161)**	**(11,161)**	**(11,161)**	**44,882**	**(11,161)**	**(11,161)**	**53,882**	**(11,161)**	**(11,161)**	**(14,944)**	**48,414**	**52,346**	**55,118**
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	**53,882**	**(11,161)**	**(11,161)**	**(11,161)**	**(11,161)**	**44,882**	**(11,161)**	**(11,161)**	**53,882**	**(11,161)**	**(11,161)**	**(14,944)**	**48,414**	**52,346**	**55,118**

2.11 Annual Budget and Service Delivery and Budget Implementation internal Departments

See Attached

2.12 Contracts having Future Budgetary Implications

List of contracts with Future budgetary implication

- Financial system support
- Asset Management support
- Valuation roll support
- VIP payroll System
- Server Support system
- Fleet Management
- Telephone System
- Cell phone Contract
- Lease contract

2.13 Capital Expenditure details

The below table illustrate the capital expenditure funded internally and funded by Municipal Infrastructure grant, The Municipality is anticipating to receive **R37 394 000** million for Municipal Infrastructure grant. The original budget for capital expenditure funded internally is R5.8 million.

Below is the List of all projects funded by Municipal Infrastructure Grants:

13. Construction of Onaleni Community Hall	4,000,000.00
14. Cezwana Youth Centre	1,806,960.00
15. Construction of Mtshakela / Ekulingeni Access Road	4,000,000.00
16. Constructon of Ezinhlalavini Access Road	3,500,000.00
17. Sidekeni Sports Field	3,000,000.00
18. Construction of Ndumane Access Road	3,500,000.00
19. Construction of Munywana Sportsfield	4,500,000.00
20. Construction of Machobeni Community Hall	1,673,940.00
21. Ngonyameni Community Hall	2,000,000.00
22. Emthojeni Sports field	1,913,100.00
23. Upgrading of Roads in Mkhuze CBD	7,000,000.00

24. Empileni Community Hall 500,000.00

2.14 Legislation Compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipalities website.

2. Internship programme The Jozini Local Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office: The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee: An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan The detail SDBIP document is at a draft stage and will be finalised after approval of the 2019/20 MTREF in May 2019 directly aligned and informed by the 2019/20 MTREF.

6. Annual Report is compiled in terms of the MFMA and National Treasury requirements.

8. MFMA Training :5 Interns and 1 Financial employee are attending the MFMA training and will be completing on this current financial year. 6 Financial Officials will attend training in 2019_20 financial year.

2.15 Other Supporting Documents

- *See Attached A Schedule*
- *Budget Workings*

2.16 Conclusion.

2.16.1. The Municipality considered Provincial Treasury comments on Mid-year Budget review and Performance Assessment when preparing this analysis report, and

were accordingly tabled to council on the 26th of February 2019.The Municipality could not consider the comments of Adjustment budget due to unavailability of the report from treasury.

2.16.2. This report has been prepared in terms of Municipal Budget reporting and regulations. And all reasonable steps have been taken to ensure that this municipal Draft Annual budget for 2019-20 Financial year is accordingly funded

2.17 Municipal Manager quality Certificate

.

.